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C O N F I D E N T I A L SECTION 01 OF 02 SUVA 000543

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TAGS: [PREL](#) [PGOV](#) [MARR](#) [PHUM](#) [FJ](#)
SUBJECT: FIJI: BAINIMARAMA "DICTATES"; BUDGET TIGHT; CHINA
MOU; CJ TRIBUNAL; CALLING ON "LABOR" CONNECTIONS IN
AUSTRALIA

REF: SUVA 536

Classified By: Amb. Dinger. Sec. 1.4 (B,D).

Summary

1. (C) Fiji interim PM Bainimarama has reiterated that he, and he alone, will "dictate" Fiji's future. The interim government (IG) budget for 2008 is tight, reflecting an economy that has shrunk by 3.9% in 2007. A budget announcement that the Ministry of Fijian Affairs will be downgraded to a Department was not received well by deposed PM Qarase and Fijian nationalists. China has signed an MOU with Bainimarama for a F\$241 million infrastructure loan. Ballu Khan, an alleged assassination conspirator who was badly beaten when arrested, is suing the IG for \$40 million. The tribunal for suspended Chief Justice Fatiaki opened its doors Nov. 26. The judges appear reputable, though the chief staffer is closely aligned with the IG. Bainimarama and interim Finance Minister Chaudhry hope Chaudhry's "labor" political connections can bring a softening of Australian policy toward Fiji under the new Rudd administration in Canberra. End summary.

Bainimarama the only one to "dictate" future

2. (U) In a TV interview Nov. 22, interim PM Bainimarama responded to deposed PM Qarase's proposals to engage in dialogue and to reconvene Parliament long enough to permit a legal call for elections. Bainimarama said Qarase will not "dictate" terms for Fiji's future. Bainimarama added, "All I'm going to say is we dictate the terms and no one is going to tell us what to do." Bainimarama said he had tossed Qarase's letter in the rubbish bin. Over the weekend, he said he hadn't bothered to read the letter. (Note: at the PIF Leaders Meeting in Tonga last month, Bainimarama reportedly promised the other Pacific leaders that he would engage in dialogue with Qarase.)

IG budget for 2008

3. (C) Interim Finance Minister Chaudhry announced next year's IG budget on Nov. 23. Chaudhry said the economy is down 3.9% for 2007, a deeper drop than previously admitted. The expectation is for 2% growth for 2008, predicated on a hoped-for resurgence of tourism and sugar. With funding tight, Chaudhry announced significant cuts to education and health. Police and the military received small increases. The budget allocates \$3.5 million for 2008 preparations for

2009 elections (which are estimated to cost around \$25 million) and \$400,000 for the People's Charter (which is estimated to cost \$2.6 million). Chaudhry called for donors to assist both endeavors. Comment: we know two behind-the-scenes advisors on the People's Charter, both of whom once worked for the Asian Development Bank, have been lobbying the ADB to assist, so far with no success. End comment.

Re-jiggering Cabinet - downgrading Fijian Affairs

14. (U) Budget documents indicate a number of changes to IG cabinet responsibilities. The most surprising is conversion of "Fijian Affairs" from cabinet level to a directorate under the PM's office. Current Fijian Affairs Minister Ganilau told the media the decision was entirely Bainimarama's. Deposed PM Qarase complained that the move is another snub to ethnic-Fijian sensibilities, and noted that the move, by law, requires approval by Parliament. Bainimarama labeled Qarase a "radical racist" for such statements. Bainimarama said the move is intended to help convert Fiji into an egalitarian society. Former PM Rabuka endorsed the plan. Deposed Great Council of Chiefs head Bokini and several other Fijian chiefs have joined Qarase's opposition.

Major infrastructure loan from PRC

15. (C) The IG announced late last week that Bainimarama has signed an MOU with the PRC for a F\$241 million (US\$160 million) infrastructure loan. Details remain to be negotiated. Given that Chaudhry said in his budget speech that Fiji's debt burden is already too high, at over 50% of GDP, the details of the new China loan will be important. A

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source at the MFA told us Chinese officials are in Suva at the moment to discuss the loan and to work through aspects of a new embassy compound China intends to construct here.

Ballu Khan - suing IG; EU and NZ HR messages

16. (U) Ballu Khan, the Indo-Fijian now with New Zealand citizenship who allegedly was conspiring to assassinate IG leaders, has filed suit in Fiji court seeking F\$40 million in damages. The basis for the suit is the severe beating Khan received from Fiji security officials when he was detained Nov. 3, plus the fact that the IG has yet to charge him with any crime, despite a 48-hour rule. The European Union Presidency issued a statement via the British High Commission in Suva on Nov. 21 expressing concern about the Khan beating. Bainimarama responded that Khan has been "faking" the seriousness of his injuries. New Zealand Deputy PM Cullen joined the fray, saying, "I am sure the walls of the cell attacked Mr. Khan viciously and he suffered as a consequence of that. Mr. Bainimarama's claims in that regard don't seem to be credible at all."

CJ Fatiaki case

17. (C) As reported reftel, the IG has appointed a tribunal of three foreign jurists to decide whether suspended Chief Justice Fatiaki should be removed permanently from office. Several of the charges against Fatiaki relate to allegations he under-reported and failed to pay tax on past income. The Fiji Tax and Customs Authority (FIRCA) announced a tax amnesty in October that is now running to Dec. 31. Given allegations of past tax malfeasance against Interim Finance Minister Chaudhry (FIRCA's boss), observers wondered if Chaudhry used the amnesty to clear his slate. We hear Fatiaki did so in his own case; however, the amnesty reportedly only applies to penalties and fees. It does not absolve the taxpayer from criminal, or presumably CJ-tribunal charges. Observers were pleasantly surprised by the quality of the jurists selected for the tribunal; however, they are not impressed with the IG's appointment of New Zealand Queen's Counsel Gerard McCoy to head the tribunal's staff.

McCoy has been a close advisor to Fatiaki's chief opponents, Judges Gates and Shameem.

Australia's election and Fiji

18. (U) The Australian Labor Party victory in last Saturday's election has raised hopes within the IG that there will be a re-evaluation of policy toward Fiji. Chaudhry, who heads the Fiji Labor Party, said he hopes "labor" kinship will cause new PM Rudd to see Fiji in a softer light. Bainimarama said he would be happy to enter into dialogue with the new Aussie government. Opponents of the coup have argued that surely Rudd will reject just as strongly as did Howard the illegal removal of a democratically elected government.
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